

How Washington State is no Longer a Leader on Medicaid - - the Speech by
Phil Talmadge to 2004 Legislative Forum of the Seattle/King County
Advisory Council on Aging and Disability Services

Thank you for the opportunity to be here with you today. It is good to see so many friends gathered together to address the critical problems of Medicaid and health care.

The theme of this conference is "Leave No Person Behind: Mend this Medicaid Safety Net." That is so very true. I am going to try to tell you why this is. I am not running for any office. I intend to pull no punches about this issue.

Medicaid is a critical program for poor folks who need health insurance. Medicaid also assists persons requiring aging and disability services. Now, more than ever, these services are vital.

But let's go back in time for a moment, to a time in the late 1980's and early 1990's in Washington State. What a difference a decade or so makes!

At that time, health care reform was on the tip of everyone's tongue. Washington State developed the Basic Health Plan to address the health care needs of working poor people. It created a Department of Health to focus on public health in Washington. The Legislature courageously passed the Omnibus AIDS Act. All of this legislation was passed with bipartisan support and all were actually funded. We had strong legislative leadership on health care in the late 1980's and early 1990's with people like now-Congressman Jim McDermott, now-Secretary of DSHS Dennis Braddock, George Sellar, Lorraine Wojahn and many others. I was proud to have had a role in these issues as well. Outstanding people on the staffs of both the House and the Senate, contributed to health care issues. Health care had strong gubernatorial support from then-Governor Booth Gardner.

The 1992 election had everyone talking health care. Mike Lowry was elected Governor and Deborah Senn was elected Insurance Commissioner. Dennis Dellwo of Spokane and I became the chairs of the respective health care committees in the House and the Senate. I was privileged to work

with Senator John Moyer, a Republican doctor from Spokane, on health care.

What did we do? In the 1993 Health Care Reform Act, the Legislature created a health care trust fund and provided \$3 billion to expand and reform Washington's health care system. The Legislature expanded the Basic Health Plan and increased Medicaid eligibility to 250% of the federal poverty level so that virtually all children in Washington were covered by health insurance. The Legislature established stringent cost controls. The Act permitted pooled purchasing of health insurance. The Act urged the University of Washington Medical School to create additional primary care doctors. It created the public health improvement plan. It authorized the portability of insurance plans and eliminated waiting periods for enrollment in health insurance plans. The Act provided funds to community clinics. It treated long-term care as part of health insurance plans in Washington.

This legislation had a profound effect. The Legislature made a serious dent in health insurance cost inflation and in the number of people who are uninsured in Washington. In 1994, the state experienced health care cost deflation of - 1.1%. There were fewer uninsureds in Washington.

How did the Legislature do it? The Legislature had the courage to enact real policy and back it up with real funding. This Legislation was enacted with bi-partisan support. Serious attention was given to the issue of health care. Health care was on the front burner, not the back burner, of the political system.

Unfortunately, in 1994 and 1995 big insurance and pharmaceutical companies helped to make health care a political issue. All of us remember the Harry and Louise ads. Political figures decided to treat health care as a wedge issue. Just take a look at David Broder's book about health care at the national level. Many legislators lost in the 1994 election and blamed their defeat on health care reform. They saw the health care as the third rail of politics in Washington. Touch it and you will die. The 1995 session

retreated from reform. In the late 1990's, more of the 1993 reforms were diluted with Governor Locke's support of further insurance "reforms."

The lesson for political figures from health care in the early 1990's was - don't do anything. Give the issue of health care lip service, leave the big guys alone.

Have we made any progress in recent years? There have been some small steps in the right direction. The settlement between the State of Washington and the tobacco industry over the added cost to the Medicaid system of tobacco use was a plus. Unfortunately, between \$95 and \$125 million were paid to private lawyers to achieve it. This was way too much. The Legislature started to receive the money, but diverted the funds from health care to balance the budget. The Legislature called this securitization. This was terrible public policy.

More recently, in the 2003 legislative session, a bill to allow pooled purchasing for prescription drugs. This was definitely a step in the right

direction. Unfortunately, far too small group of people had the opportunity to be part of the pooled buying. Limits on the pool must come off.

At the same time, more negative actions occurred in the health care system. In 2002, the Locke Administration asked the federal CMS for a waiver in the Medicaid program to allow co-pays for poor persons using hospital and medical services. The Locke Administration also proposed to cap enrollments in the Medicaid plan. It made no sense. Under the Locke proposal, if the cap on state contributions for Medicaid was reached, people who were poor and needed health insurance or elderly people or disabled people needing services would be placed on a waiting list. Many of us fought these efforts. We were successful in preventing caps from taking place, but the Locke Administration was given permission by CMS to impose co-pays for hospitals and medical services.

Washington faced continuing high health care cost inflation. This was fueled by new techniques in the health care system as well as the cost of

prescription drugs. In recent years, Washington experienced an increase in Medicaid cost of 16 – 18%. This inflation is also true for private sector employers as well. The Governor addressed escalating costs in the Medicaid system in the 2003 legislative session by severe cuts in the Basic Health Plan for single adults, as many as 20 – 25,000 people being cut from BHP, and 40,000 kids being cut from Medicaid. The Governor and Legislature determined that people should be deterred from enrolling in Medicaid by making the enrollment process for Medicaid ever the more difficult.

At the same time, revenue was lost to tax giveaways to the Boeing Company (\$3.2 billion over 10 years) and the various Eyman initiatives removed revenues that formerly were available for health care. Choices were made by public officials and the public. For every dollar given to Boeing or given to the taxpayers through the Eyman initiative process, fewer dollars are made available to health care. For example, with the passage of Initiative 695, dollars that were given to local public health departments for services like immunizations were lost.

At this time, the numbers of uninsured people in Washington increased. In 2003, 14.8% of Washington's population is uninsured, up dramatically over the last few years.

There are increasing needs for health care as employers cut back on health insurance and long-term care becomes an ever greater requirement for the Baby Boomers who are now starting to need long-term care.

The bottom line is that over the period of the last decade, Washington has largely lost its leadership role in health care generally and in Medicaid specifically by the greed of certain segments of the health care industry, by the inattention of public officials and the media to the problem of health care, and by the cowardice of public officials confronted with the need to address these issues.

Where is the innovation? Where is the leadership? It comes down to an issue of real dollars. In the upcoming 2005-2007 legislative budget, the new

Legislature and new Governor will face a \$1 billion deficit, at least. This \$1 billion deficit assumes an 11% inflation rate for the health insurance plans of various state employees, teachers and college officials. This is optimistic. That increase was 20% in 2003.

We are in an election year in 2004. What do we know of the two candidates for governor? Dino Rossi, the Republican candidate for governor, was the chair of the Senate Ways and Means Committee when various tax giveaways like that for Boeing were enacted. He supported cuts to balance the budget, and he was one of the architects of the 2003 reductions in the Basic Health Plan and Medicaid.

Christine Gregoire, the Democratic candidate, says she supports health care, but she, too, supports the tax giveaways to businesses like Boeing. While she says she supports health care, she has not offered any specific plan for how to restore the BHP cuts or Medicaid cuts. Finally, she proposes to take what's left of the tobacco settlement monies, monies that are in the health care trust fund, and use them for "economic

development,” i.e. more corporate tax giveaways. This is not a very promising choice.

What can we do? Well, it’s time to get mad and not take it anymore. We must have real leadership, not lip service, on health care generally and on Medicaid specifically. We have to push health care of the top of the political agenda in Olympia and in Washington D.C. and let the politicians know that we care about health care. We need to develop a bi-partisan consensus that health care is vital to all citizens of Washington and all Americans. We cannot sit still and let politicians use health care as a political chip, only talking a good game on the issue.

What kind of specific things can we do for Medicaid and health care reform?

- No more tax giveaways - - keep the revenue in place to ensure that health care is available to all Washington citizens;

- No dollars from the tobacco settlement should be used for anything other than health care;
- Expand the pooled purchasing of prescription drugs for Medicaid and allow any Washington citizen to be a part of those pools to lower the cost of prescription drugs;
- Allow citizens of this state to buy prescription drugs from Canada or any other inexpensive source;
- Allow citizens and businesses to buy into the Washington state health insurance plan operated by the Health Care Authority so that cheaper health insurance plans will be more generally available;
- Promote healthy lifestyles such as lowering the number of people who smoke and fighting obesity in our society;
- No more Medicaid cuts and restore the 2003 Medicaid and the Basic Health Plan cuts by making the dollars available;
- Take whatever political steps necessary to make sure that those people in political power understand that we will not sit still for further reductions in our health care system.

These are issues of political will. You and I must have the guts to take on the politicians, the big interests, and do what's right for each Washington citizen. I knew in 1993, and I know now, health care is a right. We must together take all necessary steps to ensure that these pretty words become reality in Washington State and in American society.